

Secondary Market Annuities

The SMA Hub Buyer's Guide



What to Expect

Presented by _____

For questions, please contact _____

Congratulations! You're working with an agent who takes the safety of your funds very seriously. Your agent has been approved to work with SMA Hub to offer our exclusive Secondary Market Annuities ("SMAs") and has made this Guide available to you as you are considering purchasing an Secondary Market Annuity.

At SMA Hub, we have revolutionized the purchase process of SMAs. If you are already familiar with the marketplace, it's important to understand how our unique process protects you and offers superior confidentiality, flexibility, and safety.

This Guide outlines key elements of our SMA purchase process and provides detailed information to answer most questions.

If at any time you or your agent have questions, do not hesitate to reach out to us by phone or email. SMA Hub does not sell directly but we are always available to our agents and their clients throughout the purchase process.

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SMA Hub

Who Is SMA Hub?

SMA Hub, Inc. is the leading wholesale distributor of Secondary Market Annuities (“SMAs”).

SMA Hub was founded in 2013 by veterans of the industry. SMA Hub is the premier advisor resource for exclusive Secondary Market Annuities. We offer certainty to advisors and quick closing and high returns for their clients.

SMA Hub exists to serve advisors and their clients, processing cases in a manner that protects the end purchasers to the highest degree. We streamline the purchase process by offering SMAs that are ready for purchase today — SMAs that are in stock and off the shelf — by utilizing a professional payment servicer and thoroughly vetting each payment stream.

What Are Secondary Market Annuities?

Secondary Market Annuities are payment streams that are sold by the original annuitant in exchange for a lump sum payment today. The vast majority of SMAs available through SMA Hub were originally part of a structured settlement in a personal injury lawsuit. When the original annuitant sells his or her future payments for a lump sum, a “Secondary Market Annuity” is created, whereby a buyer purchases an existing payment stream or future lump sum in the secondary market.

Secondary Market Annuities offer fixed-term payment streams from top quality insurance carriers, and also come with yields that are typically one to four percent higher than comparable assets. SMAs offer all the benefits of a primary market, period-certain, guaranteed annuity — while offering higher returns with the same low risk.



Buying an SMA through SMA Hub

When you and your advisor have identified an SMA that meets your needs, your advisor will reserve the SMA through his or her SMA Hub Advisor. Once the sale is complete, your advisor will receive the Closing Book with all of the necessary documents demonstrating the transfer of the payment stream or future lump sum from the original annuitant to you.



Legal Review

SMA Hub's internal legal department reviews all of the supporting documentation to ensure the payment stream is conveyed to you absolutely and irrevocably. The review includes a thorough examination of the underlying court order and supporting court documents, verification that the cash flow is free of any liens and attachments, and review of the transfer and assignment documents.

A legal review checklist with case-specific findings is included in each Closing Book. The Closing Book is supplied to the agent and purchaser two days before you are expected to fund the transaction, allowing ample time for review.

With every case, Hub Business Trust acts as the principal buyer and commits its capital to buy each SMA before it is listed in inventory.

Our Trust puts its capital on the line before anyone reserves the SMA for purchase, so we have a deeply vested interest in making sure the payment stream is transferred fully and completely.

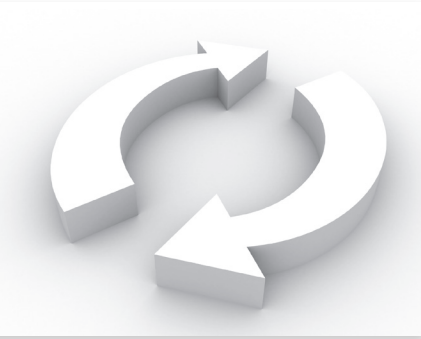
Purchase Price

Each SMA has a unique timeline. At the time your advisor submits a purchase order on your behalf, you will find an estimated purchase price and closing date on your selected SMA. When a SMA is ready to close, the exact payments, closing date and effective rate of return are used to calculate the final purchase price.

- If the actual closing date occurs before the estimated closing date, the actual purchase price will be lower than the estimated purchase price shown on the purchase order.
- If the actual closing date occurs after the estimated closing date, the actual purchase price will be greater than the estimated purchase price shown on the purchase order.
- In either case, the effective rate of return and the payment stream remain the same. The only change is the date of closing and final purchase price.

An amortization schedule of the exact payments and effective rate of return will be calculated using the actual closing date. The amortization schedule will reflect the final purchase price.

Buying an SMA through SMA Hub



Closing Book

After SMA Hub has completed its legal review of the case, a Closing Book will be prepared and sent electronically to your advisor. You will be required to fund the SMA transaction within two days of receipt of this Closing Book.

The Closing Book will generally contain all of the following items:

1. **Summary Cover Page**
Wiring Instructions
Final Purchase Price
2. **Review Checklist**
Legal Review Letter and Specific Case Findings
3. **Amortization Schedule**
Specific Transferred Payment Stream
4. **Irrevocable Assignment**
Between Hub Business Trust and Purchaser
5. **Servicing Agreement**
How Cash Flows are Handled
6. **Acknowledgment Letter or Stipulation Agreement**
Carrier Confirms Transfer of Payments and Court Order
7. **Court Order**
Approves Seller's Transfer to Hub Business Trust
8. **Purchase and Assignment Agreement/SMA Purchase Agreement**
Between Factoring Company and Hub Business Trust
9. **Purchase Agreement/Absolute Assignment Agreement**
Between Seller and Factoring Company
10. **Current Benefits Letter**
Carrier Confirms Currently Available Payments
11. **Post-Closing Audit**
SMA Hub Reconfirms Transfer with Carrier after 90 Days

Our Additional Guarantee

Execution of Irrevocable Assignment

The actual legal transfer of the SMA from Hub Business Trust to you is accomplished via an irrevocable assignment of cash flows. Upon mutual execution of the irrevocable assignment and our receipt of your funds, full title is transferred and the transaction is complete.

As an additional measure to ensure the comprehensive completion of our transfer process, SMA Hub will contact the annuity issuer 90 days after the closing of the transfer to reconfirm that the records of the annuity issuer reflect the correct titling, payment amounts and payment address.

If any issues are discovered that may affect the payment, SMA Hub will resolve those issues. If for any reason the issues with the insurance carrier cannot be resolved, Hub Business Trust will repurchase the payment stream from the purchaser.

SMA Hub will provide you with the findings of this additional confirmation step, indicating that a case is fully closed and complete.

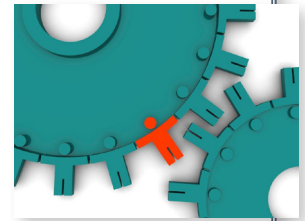


Payment Servicing

Payment servicing is commonly used to facilitate payment transfers in banking, securities, mortgage servicing, property management, IRA administration, and investment management. Many transactions in the financial industry involve a form of payment servicing.

There are many benefits to payment servicing, including:

- Easy account administration for address and bank account changes;
- Simplified estate administration for your heirs, successors and beneficiaries;
- Actual human interface with U.S.-based representatives for account issues;
- ACH transfers and direct deposit, which most insurance carriers do not offer;
- Increased liquidity compared traditional annuities.



The use of a servicing agent is required by some insurance carriers and is rapidly becoming the industry standard. When coupled with The Hub purchase process, payment servicing offers a host of benefits, including purchaser anonymity, ease of account servicing and increased transferability.

SMA Hub has a strong, contractual relationship with Asset Servicing Group (“ASG”) to perform payment servicing, account management and policy service for our agents and clients.

Hub Business Trust enters into a servicing agreement with ASG for each cash flow purchased. ASG’s servicing platform ensures you always have a real person to deal with any changes in your circumstances, including changing address or switching bank accounts. Whatever your needs, ASG will handle them directly and personally with the carrier and you. The setup costs for this service are paid by Hub Business Trust, and a copy of the ASG servicing agreement can be found in each Closing Book.



Who Is ASG?

ASG is a privately held company based in Oklahoma City with extensive payment servicing experience in the life settlement industry. Each client will receive a welcome letter confirming the details of their payment stream and introducing them to a dedicated service professional at ASG. ASG provides servicing for hedge funds and investment banks, along with a variety of other clients.

Managing over 6,000 policies with a total face value of more than \$4 billion, ASG is the largest servicing firm in its class. ASG always insists upon quality client service, treating each client as its only client. ASG processes over \$20 million in premium payments and investor distributions annually and is fully insured to meet its servicing obligations. More information can be found on the company website at <http://theasg.net/>

Payment Servicing

ASG Payment Servicing Fee Schedule

SMA Hub has engaged ASG at the following rates, as shown in the ASG Servicing Agreement Contract included in each Cosing Book:

- Set Up Fees, paid by SMA Hub
 - \$25 for monthly or periodic payment accounts
 - \$50 for lump sum payment accounts
- Periodic Fees, deducted from each payment received
 - \$7 per distribution for monthly payment accounts
 - \$15 per year for lump sum payment accounts, deducted when the distribution is made
- Service Fees
 - \$25 to process a bank account change
 - \$25 to process an address change
 - \$25 per year for annual summary reporting, if elected
 - \$250 to transfer the account to a different payee



How Safe are my Payments?

United States contract law protects you to the fullest. When you and Hub Business Trust execute the Irrevocable Assignment of Cash Flows, all rights and title to the payment stream are passed from the Trust to you. As of that moment, Hub Business Trust has no ownership interest in the cash flows going forward. When payments commence, they are sent directly from the insurance carrier to ASG for servicing, with no involvement from Hub Business Trust.



Subsequent actions of Hub Business Trust or SMA Hub, Inc. have no effect on the payment streams irrevocably assigned by us to you. Once sold, they are legally no longer the property of SMA Hub, and creditors and additional parties have no claim to the payments.

ASG is a contracted payment agent. It may receive funds from insurance carriers, but must account for all funds and is subject to our "Irrevocable Assignment of Cash Flows." While ASG takes possession of each payment briefly to verify the amount and payee, at no time does ASG have legal ownership of the funds.

In the unlikely event that a creditor of ASG ever attempted to foreclose on the assets of ASG, your payments remain safe. In fact, ASG is the company that many Courts use when appointing a Receiver and Servicer for assets and cash flows.

Additionally, ASG carries Errors & Omissions insurance to cover incidence of fraud, theft, and negligence. ASG maintains robust Business Continuity Plans, including automated electronic backup. These plans ensure no interruption of service due to natural disaster or a similar event.

ASG is a nationally recognized professional payment servicing platform used broadly by companies, institutions, and courts on a national basis to accurately receive payments and service policies and accounts.